



PSC NEWS

Missouri Public Service Commission

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NATURAL GAS RATES TO CHANGE FOR AQUILA, INC. d/b/a AQUILA NETWORKS--- MISSOURI PUBLIC SERVICE UNDER SCHEDULED WINTER NATURAL GAS FILING

Jefferson City (October 31, 2002)---Eastern System natural gas customers of Aquila, Inc. d/b/a Aquila Networks-Missouri Public Service (MPS) will see lower natural gas rates under a scheduled winter season filing reviewed and accepted by the Missouri Public Service Commission. This filing primarily reflects estimated changes in the cost of natural gas for the upcoming winter season and changes in the Actual Cost Adjustment (ACA) factor as well as any refunds from suppliers. This rate change will take effect on November 1, 2002.

The ACA is a mechanism which tracks actual natural gas costs over a 12 month period. It ensures that what the natural gas company pays to its suppliers for natural gas is in fact what it recoups in rates from its customers. The ACA makes adjustments to rates if any over or under collections of natural gas costs occurred at the end of the 12 month period.

A residential customer currently pays \$0.90992 per Ccf (100 cubic feet of gas). Under this filing, the rate will drop to \$0.88234 per Ccf, a decrease of approximately 2.7 cents per Ccf. **The effect on a typical residential heating customer for the winter season (November to March) is a decrease of approximately \$24 when compared to rates currently in effect.**

Approximately 60% to 70% of a customer's natural gas bill reflects the cost of natural gas from wholesale suppliers. The wholesale cost of natural gas (the cost your local natural gas company must pay to its suppliers for natural gas) is not regulated by the Missouri Public Service Commission. The wellhead cost of natural gas is unregulated and is primarily driven by supply and demand. The Missouri Public Service Commission does have regulatory review authority to ensure that regulated gas companies make prudent decisions in securing natural gas supplies for their customers.

Missouri Public Service serves approximately 1,900 natural gas customers in its Eastern System in Phelps County.